

Unit 13: Human Capital Management

Unit code	J/618/1762
Unit level	4
Credit value	15

Introduction

The focus of human capital management is to attract, develop and manage people in the workplace. Human capital management provides opportunity for innovation in the pursuit of a high-performance workplace (HPW); it is seen as an asset that can be measured and enhanced through investment.

This unit will explore the key aspects of human capital management and how it can be used by organisations. Students will explore the transition and evolution from the traditional personnel management function, through to human resource management and now human capital management. Students will have the opportunity to focus on the key aspects of human capital management, including analysis of internal and external factors affecting the labour market and employment demand, workforce acquisition, workforce management and workforce optimisation and review the key interventions used in effective human capital management.

On successful completion of this unit, students will have developed sufficient knowledge and understanding of how human capital management can be used effectively by organisations to create value. Students will develop skills that enable them to adopt the techniques they have learnt.

Learning Outcomes

By the end of this unit students will be able to:

- LO1 Explore human capital management
- LO2 Prepare a workforce acquisition and management plan using human capital management techniques
- LO3 Assess the organisational environment to enable human capital management decisions to be made
- LO4 Review external factors and trends impacting human capital management.

Essential Content

LO1 Explore human capital management

Evolution – transition of theories and practices:

Defining human capital management, e.g. intellectual capital, social capital and organisational capital and how these create and drive value in organisations.

Benefits and limitations of human capital management:

The benefits of human capital management, including increased employee satisfaction, improved retention rates, enhanced employee engagement and client management.

Creating an empowered culture.

The impacts of these benefits on organisational culture, performance and communication.

The limitations of human capital management, including managing change in an established organisation, cost of set-up, loss of subjectivity.

Techniques for achieving increased productivity and maintaining positive employment relations.

Strategic gain:

Transition from people strategy to business strategy and increased business impact.

Optimising return on investment to meet an organisation's ongoing needs.

LO2 Prepare a workforce acquisition and management plan using human capital management techniques

Workforce acquisition and management:

The recruitment process, onboarding and contingent workforce planning and management.

Functions, processes and policies for providing personnel administration and management, including payroll, benefits, portal/employee self-service.

Competency management.

Workforce optimisation:

Functional areas and processes that support workforce optimisation, including workforce planning, performance management, compensation planning, retention and absence management.

Education and training for continuous professional development (CPD).

Organisation visualisation, transforming Big Data into insight and greater organisational transparency.

The use of workforce analytics to increase workflow and efficiency.

Human capital management techniques and planning:

Identifying human capital goals and establishing metrics, e.g. skills, workforce composition, labour costs, effectiveness of personal development initiatives, payroll costs.

Accountability system.

Creating, monitoring and evaluating workforce acquisition management plans with clear strategic direction and goals.

Strategy and policy to achieve objectives and goals.

Integration of talent management from local to global scale to meet workforce requirements.

LO3 Assess the organisational environment to enable human capital management decisions to be made

Human capital reporting:

Standardised approach.

Accessible and transparent reporting.

Integrated reporting via key internal/external stakeholders.

Barriers to effective measurement and reporting.

Measuring the impact and contribution of people to business performance.

Human capital analytics:

Different sources of data and data collection methods for organisations, e.g. small and medium enterprises (SMEs) vs multinational organisations.

Inputs, e.g. resources, relationships, skills, other capital.

Activities, e.g. inputs converted into outputs through business activity.

Outputs, e.g. key products or services.

Outcomes, e.g. employee satisfaction, customer satisfaction.

Impact of short-, medium- and long-term data analysis.

The importance of clean data and data quality.

Analysis of internal and external factors affecting the labour market.

The misinterpretation of data and the impact it has on accuracy of reporting and presenting data.

Ethical implications of human capital analytics:

Measuring the economic value that an employee provides through knowledge, skills and abilities.

Transparent collection and reporting of human capital data.

True and accurate reporting to internal/external stakeholders of human capital data.

Impact of human capital insights.

Data security and confidentiality.

LO4 **Review external factors and trends impacting human capital management.**

Human capital management external factors and trends:

Impact of digital emerging technologies on workplace practices, e.g. remote working, virtual teams, networking and collaborative working, social distancing measures.

Industrial change and the 4th industrial revolution, driving the gig economy and sharing economy.

Diversity of employment relationships, e.g. freelancers, contractors, and flexible approaches to employment contracts, e.g. part time, zero hours.

Globalisation and development of multicultural and diverse workforces, meeting needs and expectations.

Diversity of the workforce and meeting needs of individualism, equality and inclusion and social responsibility.

Impact of improving educational standards.

Employment legislation.

Assessing impacts of external factors and trends within organisations:

External impacts on organisational culture, structure, performance.

Evaluation of external evidence, e.g. market index, external benchmark data to assess impacts.

The changing external context, maximising opportunities and minimising risks in the external environment.

Tools to support human capital management:

Digital techniques using Big Data and Artificial Intelligence (AI), e.g. real-time data analysis, critical decision making.

Human capital management proprietary software.

Enterprise resource planning (ERP).

Development of impactful HR practices:

Impact measurement of organisational investment into human capital management, e.g. improved productivity, connectivity, motivation.

Return on investment in human capital management.

Use of key performance indicators to measure success of HR practices.

Learning Outcomes and Assessment Criteria

Pass	Merit	Distinction
LO1 Explore human capital management		LO1 and LO2 D1 Evaluate the strategic benefits to the organisation of human capital management and the impact of effective work acquisition, management and optimisation in the workplace.
P1 Explain human capital management. P2 Compare the purpose of human resource management and human capital management.	M1 Analyse the benefits and limitations of human capital management to the employer and employee.	
LO2 Prepare a workforce acquisition and management plan using human capital management techniques		
P3 Produce a workforce acquisition and management plan that will support a workforce optimisation strategy, using human capital management techniques.	M2 Produce a workforce and acquisition management plan that applies appropriate strategic approaches to achieve workforce optimisation.	
LO3 Assess the organisational environment to enable human capital management decisions to be made		LO3 and LO4 D2 Evaluate the challenges, opportunities, external trends and impact of human capital measurement and reporting.
P4 Explore why human capital reporting is important. P5 Investigate how human capital management analytics benefit or hinder stakeholder expectations and priorities.	M3 Analyse the ethical implications of human capital analytics and reporting.	
LO4 Review external factors and trends impacting human capital management.		
P6 Identify human capital management external trends and the impact on small-, medium- and large organisations. P7 Explore the tools available to support human capital management.	M4 Analyse the importance of impactful HR practices.	

Recommended Resources

Textbooks

ARMSTRONG, M. and TAYLOR, S. (2020) *Armstrong's Handbook of Human Resource Management Practice*. London: Kogan Page.

LEATHERBARROW, C. and FLETCHER, J. (2018) *Introduction to Human Resource Management: A Guide to HR in Practice*. London: CIPD – Kogan Page.

WONG, W. et al (2019) *Human Capital Management Standards. A Complete Guide*. London: Kogan Page.

Websites

www.cipd.co.uk

Chartered Institute of Personnel and Development

Reporting Human Capital: Illustrating your company's true value

(General reference)

www.cipd.co.uk

Chartered Institute of Personnel and Development

People measurement and reporting: From theory to practice

(General reference)

www.cipd.co.uk

Chartered Institute of Personnel and Development

Valuing Your Talent

(General reference)

www.iso.org

International Organization for Standardization

(General reference)

Links

This unit links to the following related units:

Unit 3: Human Resource Management

Unit 30: Resource and Talent Planning

Unit 46: Developing Individuals, Teams and Organisations

Unit 47: Human Resources – Value and Contribution to Organisational Success